



a PPL company

Jeff DeRouen, Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

RECEIVED

OCT 28 2011

PUBLIC SERVICE
COMMISSION

Kentucky Utilities Company
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.lge-ku.com

Robert M. Conroy
Director - Rates
T 502-627-3324
F 502-627-3213
robert.conroy@lge-ku.com

October 28, 2011

RE: *The Application of Kentucky Utilities Company for Certificates of Public Convenience and Necessity and Approval of Its 2011 Compliance Plan for Recovery by Environmental Surcharge*
Case No. 2011-00161

Dear Mr. DeRouen:

Enclosed please find an original and fifteen (15) copies of Kentucky Utilities Company's (KU) supplemental response to Question No. 9 of the Kentucky Industrial Utility Customers's First Set of Data Request dated July 12, 2011, in the above-referenced matter.

Also enclosed is an original and fifteen (15) copies of KU's corrected response to Question No. 7 of the Kentucky Industrial Utility Customers's First Set of Data Request dated July 12, 2011, and corrected response to the supplemental response to Question No. 7 filed on August 10, 2011, in the above-referenced matter. The correction is to provide the table on page 2 of the response in its entirety because it was inadvertently not fully displayed in the original and supplemental response.

Should you have any questions regarding the enclosed, please contact me at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert M. Conroy'. The signature is fluid and cursive, with a large, sweeping 'C' at the end.

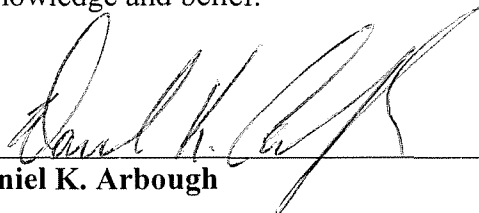
Robert M. Conroy

cc: Parties of Record

VERIFICATION

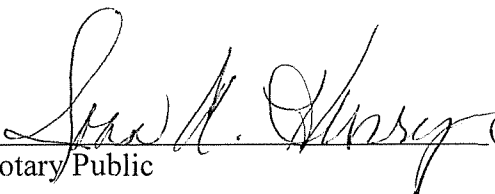
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Daniel K. Arbough**, being duly sworn, deposes and says that he is Treasurer for Kentucky Utilities Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



Daniel K. Arbough

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 28th day of October 2011.

 (SEAL)

Notary Public

My Commission Expires:

July 21, 2015

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY UTILITIES)	
COMPANY FOR CERTIFICATES OF PUBLIC)	
CONVENIENCE AND NECESSITY AND)	
APPROVAL OF ITS 2011 COMPLIANCE PLAN)	CASE NO. 2011-00161
FOR RECOVERY BY ENVIRONMENTAL)	
SURCHARGE)	

KENTUCKY UTILITIES COMPANY

SUPPLEMENTAL RESPONSE TO THE
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. (KIUC)
FIRST SET OF DATA REQUESTS

DATED JULY 12, 2011

FILED: OCTOBER 28, 2011

KENTUCKY UTILITIES COMPANY

Supplemental Response to the KIUC's First Set of Data Requests Dated July 12, 2011

Supplemental Response filed October 28, 2011

Case No. 2011-00161

Question No. 1-9

Witness: Daniel K. Arbough

Q1-9. Please describe each source of short term debt presently available to the Company. Provide the maximum amount of each such source; the uses to which such funds from each such source are limited, if any; the terms and conditions of borrowing from each such source, including, but not limited to, the basis for the interest rate (e.g., prime plus x%, 1 month LIBOR), annual fees and expenses in dollars and as a percentage of outstanding borrowing on average over the most recent twelve months; and a copy of the relevant agreements for each such source.

A1-9. Original Response:

KU participates in an intercompany money pool agreement wherein LG&E and KU Energy LLC and/or LG&E make funds available to KU of up to \$400 million at an interest rate equal to the 30 day dealer commercial paper rate. There are no additional fees charged to KU for borrowing under the money pool agreement and there is no limit as to how funds borrowed from the money pool will be used.

KU also maintains a \$400 million revolving line of credit with a group of banks which became effective November 1, 2010 and expires December 31, 2014. There is no limit as to how funds borrowed under the revolving line of credit will be used. This line of credit allows KU to meet its liquidity requirements while allowing the Company to issue letters of credit to support tax exempt bonds as well as providing funds for short-term borrowings. There have been no borrowings under this facility however letters of credit totaling \$198 million to support tax exempt bonds were issued under this facility from December 1, 2010 to May 6, 2011. Upfront and legal fees associated with implementing the revolving line of credit totaled \$4.255 million and are being amortized over the life of the agreement. KU pays an annual commitment fee on the unused portion of the credit facility based on current bond ratings. The current applicable commitment fee percentage is 0.20%. Total commitment fees for this facility for the period November 1, 2010 to June 30, 2011 were approximately \$426,000. Since there have been no borrowings under this line of credit, fees and expenses as a percentage of outstanding borrowings on average cannot be calculated. Borrowing rates for the revolving line of credit are based on current bond ratings. Current borrowing rates for a Euro-Dollar loan equal LIBOR + 1.75%.

In April 2011, KU entered into a new \$198 million letter of credit agreement to be used to issue letters of credit to support outstanding tax exempt bonds. The facility matures in April 2014. In May 2011 letters of credit totaling \$198 million were issued under the new agreement replacing the letters of credit previously issued under KU's revolving credit facility. Upfront and legal fees associated with implementing the letter of credit agreement totaled approximately \$821,000 and are being amortized over the life of the agreement. The facility fee charged on the outstanding letters of credit is currently at 1.10% based on KU's current bond rating.

In addition, KU is currently in the process of creating a \$250 million commercial paper program which it expects to implement by year-end 2011.

Copies of the money pool agreement, the \$400 million revolving line of credit and the letter of credit facility are attached on CD in the folder titled Question 9.

Supplemental Response:

Please see the attached.

AMENDMENT NO. 2 TO CREDIT AGREEMENT

AMENDMENT dated as of October 19, 2011 (this “**Amendment**”) to the Revolving Credit Agreement dated as of November 1, 2010 (as amended, amended and restated or otherwise modified from time to time, the “**Credit Agreement**”) among KENTUCKY UTILITIES COMPANY (the “**Borrower**”), the LENDERS party thereto (the “**Lenders**”) and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent, Issuing Lender and Swingline Lender (the “**Agent**”).

W I T N E S S E T H :

WHEREAS, the parties hereto desire to amend the Credit Agreement to (i) extend the scheduled Termination Date from December 31, 2014 to October 19, 2016, (ii) modify the definition of “Applicable Percentage” and (iii) make certain other amendments as provided herein.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Defined Terms; References. Unless otherwise specifically defined herein, each term used herein that is defined in the Credit Agreement has the meaning assigned to such term in the Credit Agreement. Each reference to “hereof”, “hereunder”, “herein” and “hereby” and each other similar reference and each reference to “this Agreement” and each other similar reference contained in the Credit Agreement shall, after this Amendment becomes effective, refer to the Credit Agreement as amended hereby.

SECTION 2. Extension of Termination Date. The definition of “Termination Date” in Section 1.01 of the Credit Agreement is amended by changing the date specified therein from “December 31, 2014” to “October 19, 2016.”

SECTION 3. Reduction of Interest Rates. The chart set forth in the definition of “Applicable Percentage” in Section 1.01 of the Credit Agreement (the “**Existing Pricing Schedule**”) is deleted and replaced by the chart set forth below (the “**New Pricing Schedule**”). The New Pricing Schedule shall apply to interest and fees accruing under the Credit Agreement on and after the date hereof. The Existing Pricing Schedule shall continue to apply to interest and fees accruing under the Credit Agreement prior to the date hereof.

	Borrower's Ratings (S&P / Moody's)	Applicable Percentage for Commitment Fees	Applicable Percentage for Base Rate Loans	Applicable Percentage for Euro-Dollar Loans and Letter of Credit Fees
Category A	≥ A from S&P / A2 from Moody's	0.100%	0.000%	1.000%
Category B	≥ A- from S&P / A3 from Moody's	0.125%	0.125%	1.125%
Category C	BBB+ from S&P / Baa1 from Moody's	0.175%	0.250%	1.250%
Category D	BBB from S&P / Baa2 from Moody's	0.200%	0.500%	1.500%
Category E	BBB- from S&P / Baa3 from Moody's	0.250%	0.625%	1.625%
Category F	≤BB+ from S&P / Ba1 from Moody's	0.350%	0.875%	1.875%

SECTION 4. *Administrative Agent's Fees.* Section 8.10 of the Credit Agreement is hereby amended to read in its entirety:

“The Borrower shall pay to the Administrative Agent for its own account fees in the amount and at the times agreed to and accepted by the Borrower, pursuant to that certain fee letter dated as of September 20, 2011 among the Borrower, the Administrative Agent, Bank of America, N.A., The Royal Bank of Scotland plc, Wells Fargo Securities, Merrill Lynch, Pierce, Fenner & Smith Incorporated and RBS Securities Inc.”

SECTION 5. *Changes in Commitments.* With effect from and including the Amendment Effective Date, (i) each Person listed on Schedule 1 hereto that is not a party to the Credit Agreement (each, a “**New Lender**” and, together with each Lender that is not an Exiting Lender, the “**Continuing Lenders**”) shall become a Lender party to the Credit Agreement, (ii) the Commitment of each Lender shall be the amount set forth opposite the name of such Lender on Schedule 1 and (iii) the Commitment Appendix set forth on Schedule 1 hereto shall replace the Commitment Appendix attached to the Credit Agreement. On the Amendment Effective Date, any Lender whose Commitment is changed to zero (each, an “**Exiting Lender**”) shall cease to be a Lender party to the Credit Agreement, and all accrued fees and other amounts payable under the Credit Agreement for the account of each Exiting Lender shall be due and payable on such date; provided that the provisions of Sections 2.12, 2.16, 2.17 and 9.03 of the Credit Agreement shall continue to inure to the benefit of each Exiting Lender after the Amendment Effective Date. On the Amendment Effective Date, the Commitment Ratio of the Continuing Lenders shall be redetermined giving effect to the adjustments to the

Commitments referred to in this Section 5, and the participations of the Continuing lenders in and the obligations of the Continuing Lenders in respect of any Letters of Credit outstanding on the Amendment Effective Date shall be reallocated to reflect such redetermined Commitment Ratio.

SECTION 6. *Letter of Credit Fees.* Section 2.07(b) of the Credit Agreement is amended by changing the rate specified therein from “0.25%” to “0.20%.”

SECTION 7. *Representations and Warranties.* The following sections of Article V of the Credit Agreement are amended as follows:

(a) The references to “December 31, 2009” in Section 5.04(a) and Section 5.04(c) of the Credit Agreement are changed to “December 31, 2010” and Section 5.04(b) of the Credit Agreement is hereby amended to read in its entirety:

“The unaudited consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of June 30, 2011 and the related unaudited consolidated statements of income and cash flows for the six months then ended fairly present, in conformity with GAAP applied on a basis consistent with the financial statements referred to in subsection (a) of this Section, the consolidated financial position of the Borrower and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such six-month period (subject to normal year-end audit adjustments).”

(b) Section 5.05 of the Credit Agreement is hereby amended to add the following clause immediately prior to the clause “or otherwise furnished in writing to the Administrative Agent and each Lender,”:

“or in any subsequent report of the Borrower filed with the SEC on Form 10-K, 10-Q or 8-K,”

(c) References in Section 5.08 of the Credit Agreement to the KPSC Order, TRA Order and VSCC Order shall be deemed to include any orders of the Kentucky Public Service Commission (“**KPSC**”), Tennessee Regulatory Authority (“**TRA**”) and Virginia State Corporation Commission (“**VSCC**”) delivered pursuant to Section 11(f) of this Amendment.

(d) Section 5.13(a)(i) and Section 5.13(b) of the Credit Agreement are each hereby amended to add the following clause immediately prior to the clause “or otherwise furnished in writing to the Administrative Agent and each Lender,”:

“or in any subsequent report of the Borrower filed with the SEC on Form 10-K, 10-Q or 8-K,”

(e) Section 5.15 of the Credit Agreement is hereby deleted.

SECTION 8. *Full Force and Effect; Ratification.* Except as expressly modified herein, all of the terms and conditions of the Credit Agreement are unchanged, and, as modified hereby, the Borrower confirms and ratifies all of the terms, covenants and conditions of the Credit Agreement. This Amendment constitutes the entire and final agreement among the parties hereto with respect to the subject matter hereof and there are no other agreements, understandings, undertakings, representations or warranties among the parties hereto with respect to the subject matter hereof except as set forth herein.

SECTION 9. *Governing Law.* This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 10. *Counterparts.* This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 11. *Effectiveness.* This Amendment shall become effective as of the first date when each of the following conditions are met (the “**Amendment Effective Date**”):

(a) the Agent shall have received from the Borrower and each Continuing Lender and Lenders constituting Required Lenders a counterpart hereof signed by such party or facsimile or other written confirmation (in form satisfactory to the Agent) that such party has signed a counterpart hereof;

(b) the Agent shall have received a duly executed revised Note for the account of each Lender requesting delivery of such Note pursuant to Section 2.05 of the Credit Agreement;

(c) the Agent shall have received satisfactory opinions of counsel for the Borrower, dated the Amendment Effective Date;

(d) the Agent shall have received a certificate dated the Amendment Effective Date signed on behalf of the Borrower by the Chairman of the Board, the President, any Vice President, the Treasurer or the Assistant Treasurer of the Borrower stating that (A) on the Amendment Effective Date and after giving effect to this Amendment, no Default shall have occurred and be continuing and (B) the representations and warranties of the Borrower contained in the Credit Agreement after giving effect to this Amendment are true and correct on and as of the Amendment Effective Date, except to the extent that such representations and warranties

specifically refer to an earlier date, in which case they were true and correct as of such earlier date;

(e) the Agent shall have received (i) a certificate of the Secretary of State of the Commonwealth of Kentucky and a certificate of the Secretary of State of the Commonwealth of Virginia, each dated as of a recent date, as to the good standing of the Borrower and (ii) a certificate of the Secretary or an Assistant Secretary of the Borrower dated the Amendment Effective Date and certifying (A) that attached thereto is a true, correct and complete copy of (x) the Borrower's articles of incorporation certified by the Secretary of State of the Commonwealth of Kentucky and the Secretary of State of the Commonwealth of Virginia and (y) the bylaws of the Borrower, (B) as to the absence of dissolution or liquidation proceedings by or against the Borrower, (C) that attached thereto is a true, correct and complete copy of resolutions adopted by the board of directors of the Borrower authorizing the execution, delivery and performance of this Amendment and each other document delivered in connection herewith and that such resolutions have not been amended and are in full force and effect on the date of such certificate and (D) as to the incumbency and specimen signatures of each officer of the Borrower executing this Amendment or any other document delivered in connection herewith;

(f) all necessary governmental (domestic or foreign), regulatory and third party approvals, including, without limitation, the orders of the KPSC, TRA, VSCC and any required approvals of the Federal Energy Regulatory Commission, authorizing borrowings hereunder in connection with the transactions contemplated by this Amendment and the other Loan Documents shall have been obtained and remain in full force and effect, in each case without any action being taken by any competent authority which could restrain or prevent such transaction or impose, in the reasonable judgment of the Agent, materially adverse conditions upon the consummation of such transactions; provided that any such approvals with respect to elections by the Borrower to increase the Commitment as contemplated by Section 2.19 of the Credit Agreement need not be obtained or provided until the Borrower makes any such election;

(g) there shall be no outstanding Loans; and

(h) the Agent shall have received all costs, fees and expenses due to the Agent, the Joint Lead Arrangers (as such term is defined in the Commitment Letter) and the Lenders.

SECTION 12. *Miscellaneous*. This Amendment shall constitute a Loan Document for all purposes of the Credit Agreement and the other Loan Documents. The provisions of this Amendment are deemed incorporated into the Credit Agreement as if fully set forth therein. The Borrower shall pay all reasonable out-of-pocket costs and expenses of the Agent incurred in connection

with the negotiation, preparation and execution of this Amendment and the transactions contemplated hereby.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be
duly executed as of the date first above written.

KENTUCKY UTILITIES COMPANY

By: 

Name: Daniel K. Arbough

Title: Treasurer

[Signature Page to KU – Amendment]

THE BANK OF TOKYO-MITSUBISHI
UFJ, LTD.

By: *Bradford Joyce*
Name: Bradford Joyce
Title: Director

[Signature Page to KU – Amendment]

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By:



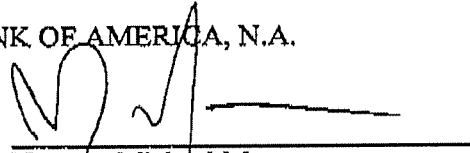
Name: Keith Luettel

Title: Vice President

[Signature Page to KU – Amendment]

BANK OF AMERICA, N.A.

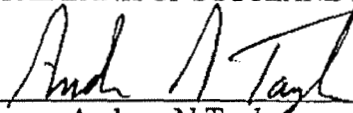
By:

A handwritten signature in black ink, appearing to be 'M Mason', written over a horizontal line.

Name: Michael Mason
Title: Director

[Signature Page to KU – Amendment]

THE ROYAL BANK OF SCOTLAND PLC

By: 

Name: Andrew N Taylor

Title: Vice President

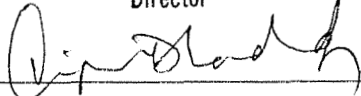
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CREDIT SUISSE AG, Cayman Islands
Branch

By: _____


Name: Mikhail Faybusovich
Title: Director

By: _____


Name: VIPUL DHADDA
Title: ASSOCIATE

[Signature Page to KU – Amendment]

THE BANK OF NOVA SCOTIA

By: 

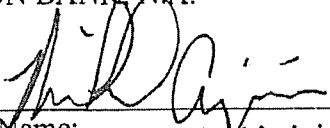
Name:

Title:

**THANE RATTEW
MANAGING DIRECTOR**

[Signature Page to KU – Amendment]

UNION BANK, N.A.

By: 
Name: Michael Agrimis
Title: Vice President


[Signature Page to KU – Amendment]

CITIBANK, N.A.

By: Anita J. Brickell
Name: Anita J. Brickell
Title: Vice President

[Signature Page to KU – Amendment]

BARCLAYS BANK PLC

By: 
Name: Michael Mozer
Title: Vice President

[Signature Page to KU – Amendment]

BNP PARIBAS

By: 

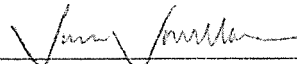
Name: Francis DeLaney
Title: Managing Director

By: 

Name: Pasquale Perraglia
Title: Vice President

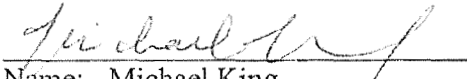
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JPMORGAN CHASE BANK, N.A.

By: 
Name: Juan Javellana
Title: Executive Director

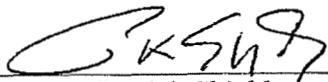
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MORGAN STANLEY BANK, N.A.

By: 
Name: Michael King
Title: Authorized Signatory


[Signature Page to KU – Amendment]

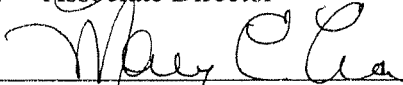
ROYAL BANK OF CANADA

By: 
Name: Patrick Shields
Title: Authorized Signatory

[Signature Page to KU – Amendment]

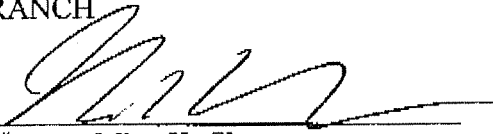
UBS LOAN FINANCE LLC

By: 
Name: Irja R. Otsa
Title: Associate Director

By: 
Name: Mary E. Evans
Title: Associate Director

[Signature Page to KU – Amendment]

DEUTSCHE BANK AG NEW YORK
BRANCH

By: 

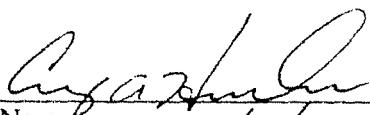
Name: Ming K. Chu
Title: Vice President

By: 

Name: Virginia Cosenza
Title: Vice President

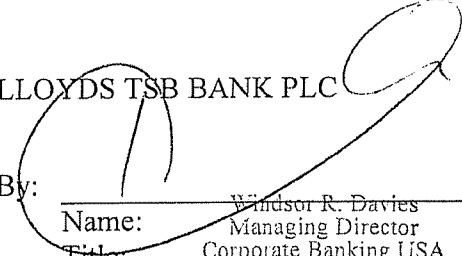
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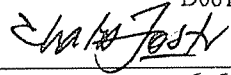
KEYBANK NATIONAL
ASSOCIATION

By: 
Name: Craig A Hanselman
Title: VP

[Signature Page to KU – Amendment]

LLOYDS TSB BANK PLC

By: 
Name: Windsor R. Davies
Title: Managing Director
Corporate Banking USA
D061

By: 
Name: Charles Foster
Title: Managing Director

[Signature Page to KU – Amendment]

U.S. BANK NATIONAL
ASSOCIATION

By:

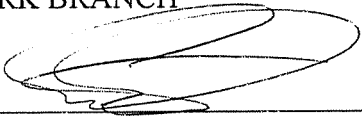


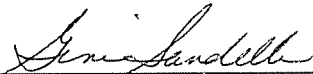
Name: J. James Kim

Title: Vice President

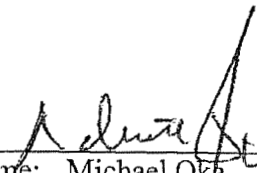
[Signature Page to KU – Amendment]

BAYERISCHE LANDESBANK, NEW
YORK BRANCH

By: 
Name: Rolf Siebert
Title: Senior Vice President

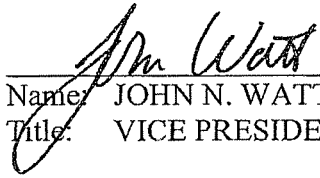
By: 
Name: Gina Sandella
Title: Vice President

BANCO BILBAO VIZCAYA
ARGENTARIA S.A. – NEW YORK
BRANCH

By: 
Name: Michael Oka
Title: Executive Director


By: 
Name: Nietzsche Rodricks
Title: Executive Director

THE BANK OF NEW YORK MELLON

By: 
Name: JOHN N. WATT
Title: VICE PRESIDENT

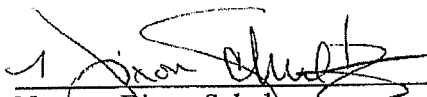
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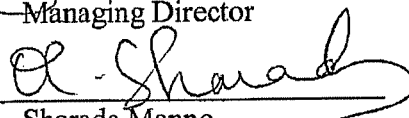
MIZUHO CORPORATE BANK, LTD.

By: 
Name: Raymond Ventura
Title: Deputy General Manager

[Signature Page to KU -- Amendment]

CREDIT AGRICOLE CORPORATE
AND INVESTMENT BANK

By: 
Name: Dixon Schultz
Title: Managing Director

By: 
Name: Sharada Manne
Title: Director

[Signature Page to KU – Amendment]

GOLDMAN SACHS BANK USA

By: 

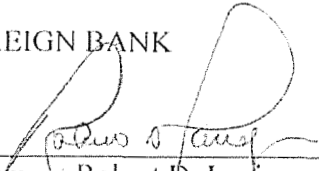
Name: Mark Walton

Title: Authorized Signatory

[Signature Page to KU – Amendment]

SOVEREIGN BANK

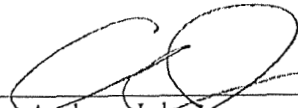
By:


Name: Robert D. Lanigan

Title: SVP


[Signature Page to KU – Amendment]

SUNTRUST BANK

By: 
Name: Andrew Johnson
Title: Director


[Signature Page to KU – Amendment]

CIBC INC.

By: 

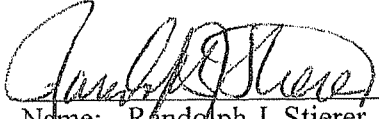
Name: Josh Hogarth
Title: Director

Joshua J. Hogarth
CIBC Inc.
Authorized Signatory

By: 

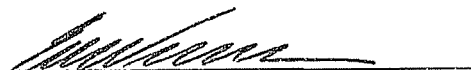
Name: Eoin Roche
Title: Executive Director

FIFTH THIRD BANK

By: 
Name: Randolph J. Stierer
Title: Vice President

[Signature Page to KU – Amendment]

PNC BANK, NATIONAL
ASSOCIATION

By: 
Name: Edward M. Tessalone
Title: Senior Vice President

[Signature Page to KU – Amendment]

SUMITOMO MITSUI BANKING
CORPORATION

By: 

Name: Masakazu Hasegawa
Title: Managing Director


[Signature Page to KU – Amendment]

THE NORTHERN TRUST COMPANY

By: Peter J. Hallan
Name: Peter J. Hallan
Title: Vice President

[Signature Page to KU – Amendment]

WING LUNG BANK LTD. LOS
ANGELES BRANCH

By: 
Name: Irene Kwan
Title: VP/ Deputy Branch
Manager

[Signature Page to KU – Amendment]

Schedule 1

Commitment Appendix

Lender	Revolving Commitment
Wells Fargo Bank, National Association	\$20,500,000.00
Bank of America, N.A.	20,500,000.00
The Royal Bank of Scotland plc	20,500,000.00
Credit Suisse AG, Cayman Islands Branch	19,000,000.00
The Bank of Nova Scotia	19,000,000.00
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	9,500,000.00
Union Bank, N.A.	9,500,000.00
Barclays Bank PLC	19,000,000.00
BNP Paribas	19,000,000.00
Citibank, N.A.	19,000,000.00
JPMorgan Chase Bank, N.A.	19,000,000.00
Morgan Stanley Bank, N.A.	19,000,000.00
Royal Bank of Canada	19,000,000.00
UBS Loan Finance LLC	19,000,000.00
Goldman Sachs Bank USA	19,000,000.00
Credit Agricole Corporate & Investment Bank	14,000,000.00
Deutsche Bank AG New York Branch	14,000,000.00
KeyBank National Association	14,000,000.00
Lloyds TSB Bank plc	14,000,000.00
U.S. Bank National Association	14,000,000.00
Bayerische Landesbank, New York Branch	6,800,000.00
Banco Bilbao Vizcaya Argentaria S.A.	6,800,000.00
The Bank of New York Mellon	6,800,000.00
Mizuho Corporate Bank, Ltd.	6,800,000.00
Sovereign Bank	6,800,000.00
SunTrust Bank	6,800,000.00
CIBC Inc.	4,000,000.00
Fifth Third Bank	4,000,000.00
PNC Bank, National Association	4,000,000.00
Sumitomo Mitsui Banking Corporation	4,000,000.00
The Northern Trust Company	2,700,000.00
<u>Wing Lung Bank Ltd. Los Angeles Branch</u>	<u>0.00</u>
Total	\$400,000,000.00

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR CERTIFICATES OF PUBLIC)
CONVENIENCE AND NECESSITY AND)
APPROVAL OF ITS 2011 COMPLIANCE PLAN) **CASE NO. 2011-00161**
FOR RECOVERY BY ENVIRONMENTAL)
SURCHARGE)

KENTUCKY UTILITIES COMPANY

RESPONSE TO THE
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. (KIUC)
FIRST SET OF DATA REQUESTS

DATED JULY 12, 2011

CORRECTED RESPONSE TO QUESTION NO. 1-7

FILED: OCTOBER 28, 2011

KENTUCKY UTILITIES COMPANY

Response to the KIUC's First Set of Data Requests Dated July 12, 2011

Case No. 2011-00161

CORRECTED RESPONSE FILED OCTOBER 28, 2011

Question No. 1-7

Witness: Counsel / Daniel K. Arbough

- Q1-7. Refer to the PPL Corporation presentation on October 31-November 3, 2010 at the EEI Financial Conference available on the PPL website.
- a. On the page entitled "Increased Scale with Continued Growth," the presentation shows projected growth in LKE amounts from \$6.7 billion in 2011 to \$7.7 billion in 2014. Please describe the amounts shown on this page of the presentation and how they are computed.
 - b. Please provide the underlying support for these projections at the most detailed level available, including, but not limited to, all financial statement projections.
 - c. On the page entitled "Projected Capitalization Structures at 12/31/2010," the Kentucky Holdings Consolidated capital structure consists of 51.0% debt and 49.0% common equity, while the LG&E and KU capital structures consist of 41.2% debt and 58.8% common equity. Please provide the underlying support for these computations and reconcile the Kentucky Holdings Consolidated capitalization amounts used to compute the capital structure to the sum of the capitalization amounts used to compute the capital structures for the two utilities. To the extent that Kentucky Holdings Consolidated capitalization amounts include debt in addition to that held by the two utilities, then please provide a schedule of such debt outstanding at December 31, 2010.
- A1-7. a. The amounts shown on this page represent forecasts of the total capitalization of LKE. These amounts are calculated based on budgets prepared by the Company.
- b. KU objects to this request for information because the information sought is irrelevant to this proceeding. KU is not seeking to recover the estimated costs of the projects in its environmental compliance plan, but instead only proposes to recover the actual costs KU incurs upon the Commission's approval under KRS 278.183. Consistent with its historical practice, KU does not disclose financial projections. Such projections are only estimates; there is no guarantee that such projections will be realized; and the estimates are based on a number of assumptions

that may change over time. The Commission has recognized that such information is not discoverable when a utility is not seeking to recover costs based upon forecasted or estimated expenses. See the Commission's September 6, 1990 Ruling and September 21, 1990 Order in Case No. 90-158.

- c. The debt total used in calculating the projected capitalization structure for LG&E and KU Energy LLC (LKE) includes the following debt in addition to the debt of LG&E and KU:

LKE 2.125% Senior Notes due 2015	\$400 million
LKEs 3.750% Senior Notes due 2020	\$475 million
LG&E and KU Capital Corp Med. Term Notes due 2011	\$2 million

The common equity total used in calculating the projected capitalization structure for LKE includes equity of non-regulated holdings as well as the utilities and is consolidated according to GAAP.

Actual Capitalization Structures at December 31, 2010 calculated on a GAAP basis were as follows:

	<u>Total</u>	<u>% of Total</u>
LG&E and KU Energy LLC		
Debt	\$ 3,988	49.9%
Common Equity	4,011	50.1%
Total	<u>\$ 7,999</u>	<u>100.0%</u>
Louisville Gas & Electric		
Debt	\$ 1,287	42.8%
Common Equity	1,721	57.2% (1)
Total	<u>\$ 3,008</u>	<u>100.0%</u>
Kentucky Utilities		
Debt	\$ 1,851	40.8%
Common Equity	2,691	59.2% (2)
Total	<u>\$ 4,542</u>	<u>100.0%</u>

(1) Of this amount, \$389 million represents goodwill, which is not recoverable for regulatory purposes. As a result, the unadjusted regulatory capitalization structure contains 50.9% equity.

(2) Of this amount, \$607 million represents goodwill, which is not recoverable for regulatory purposes. As a result, the unadjusted regulatory capitalization structure contains 53.0% equity.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY UTILITIES)	
COMPANY FOR CERTIFICATES OF PUBLIC)	
CONVENIENCE AND NECESSITY AND)	
APPROVAL OF ITS 2011 COMPLIANCE PLAN)	CASE NO. 2011-00161
FOR RECOVERY BY ENVIRONMENTAL)	
SURCHARGE)	

KENTUCKY UTILITIES COMPANY

SUPPLEMENTAL RESPONSE TO THE
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. (KIUC)
FIRST SET OF DATA REQUESTS

DATED JULY 12, 2011

CORRECTED RESPONSE TO QUESTION NO. 1-7

FILED: OCTOBER 28, 2011

KENTUCKY UTILITIES COMPANY

Supplemental Response to the KIUC's First Set of Data Requests Dated July 12, 2011

Supplemental Response filed August 10, 2011

CORRECTED RESPONSE FILED OCTOBER 28, 2011

Case No. 2011-00161

Question No. 1-7

Witness: Counsel / Daniel K. Arbough

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A1-7. Original Response:

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Supplemental Response:

- a. [No change or supplement.]
- b. KU restates the objections set out in its original response as if fully set forth herein. That notwithstanding and without waiving its objections, please see the Supplemental Response to 1-6(b).
- c. [No change or supplement.]